

SENATE BILL 3353
By Finney

AN ACT to amend Tennessee Code Annotated, Title 9,
relative to local government bonds and notes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 9, Chapter 21, is amended by adding Sections 2 through 6 of this act as a new, appropriately designated part.

SECTION 2. It is the intent and purpose of this part to require local governments and local government instrumentalities issuing bonds or notes to consider fully the reasons and need for the issuance of bonds or notes for essential government projects or purposes and to obtain the electorate's approval for the issuance of bonds or notes for nonessential government projects or purposes.

SECTION 3. As used in this part, unless the context otherwise requires, "essential project or purpose" means a project or purpose the implementation of which will provide or facilitate a necessary government function normally supplied or made available to the citizenry as a whole including, but not limited to, public schools and libraries, government buildings, transportation and utility infrastructures, public healthcare facilities, and facilities associated with industrial development. "Essential project or purpose" specifically does not include sports facilities, theaters for the performing arts, museums or convention centers.

SECTION 4. In addition to the other requirements of this chapter, no bond or note shall be issued by a local government or local government instrumentality for an essential government project or purpose except upon approval of two-thirds (2/3) of the members of the local government legislative body. Any bond or note issued for an essential government project or purpose of an LEA shall be issued only after the approval of two-thirds (2/3) of the members

of the board of education of the LEA and two-thirds (2/3) of the members of the local government legislative body.

SECTION 5.

(a) Before bonds or notes are issued by a local government or local government instrumentality for a nonessential government project or purpose, the local government legislative body, by a two-thirds (2/3) vote of its members, shall, by resolution spread upon its minutes, declare the intent of issuing such bonds or notes and shall, by resolution, direct the county election commission to hold a referendum on the question of issuing the bonds or notes.

(b) Prior to the referendum on the issuance of bonds or notes, the local government legislative body shall publish in a newspaper of general circulation at least once in each of four (4) consecutive weeks notice of the referendum on the proposed issuance of bonds or notes. Such notice shall include, but not be limited to:

(1) A description of the project or purpose for which the bonds or notes are to be issued;

(2) A statement of the reasons why the project or purpose for which the bonds or notes are to be issued is required for the public good or benefit;

(3) The estimated cost of the project or purpose for which the bonds or notes are to be issued;

(4) An explanation of the manner in which the project or purpose for which the bonds or notes are to be issued will be financed; and

(5) A projection of the revenues or losses expected for the first ten (10) years for the operation of the project or implementation of the purpose for which the bonds or notes are to be issued.

(c) Copies of all written documents pertinent to the information required to be published under subsection (b) shall be maintained at the county courthouse or city hall, as applicable, and any public library within the county or municipality until after the referendum is conducted.

(d) The referendum shall be conducted not less than two (2) weeks nor more than twelve (12) weeks after the end of the notice period.

(e) No bonds or notes shall be issued for such nonessential project or purpose unless a majority of the voters casting votes in the referendum approve the issuance.

(f) If two (2) or more local government bodies collaborate on a nonessential project or purpose, then no bonds or notes shall be issued by either body or an instrumentality of a local government body until a referendum has been conducted by any local government body proposing to issue bonds or notes and the issuance of such bonds or notes is approved by a majority of the voters voting in each such referendum.

SECTION 6. The provisions of this part shall not apply to the issuance of bonds or notes for which an election is required under §§ 7-37-110, 7-53-306, 7-54-108, 7-55-107, or 68-11-606.

SECTION 7. This act shall take effect July 1, 2006, the public welfare requiring it.